BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Mail Processing Network
Rationalization Service Changes, 2012   Docket No. N2012-1

PUBLIC REPRESENTATIVE'S SECOND SET
OF INTERROGATORIES AND REQUESTS FOR PRODUCTION TO
UNITED STATES POSTAL SERVICE WITNESS BRADLEY (PR/USPS-T-10: 7-9)

(February 2, 2012)

Pursuant to 39 CFR 3001.25 through 3001.28, the Public Representative hereby submits the following interrogatories and requests for production of documents. Definitions and instructions included with the Public Representative's First Set of Interrogatories and Requests for Production to United States Postal Service, PR/USPS-1-3 dated December 21, 2011, are hereby incorporated by reference.

The Public Representative encourages the Postal Service to discuss issues of burden, privilege, relevance, or question clarity informally to obviate the need for objections or motions practice.

Respectfully Submitted,

/s/ Christopher J. Laver

Public Representative for
Docket No. N2012-1

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PR/USPS-T-10-7

The purpose of this data request is to obtain data to calculate volume variability for relevant mail processing operations according to whether the finance number of the processing facility will or will not be retained after network realignment. Your response to PRC/USPS-T-10-1 (d) states the Commission method of calculating the volume variability for mail processing operations, which involves several steps: 1) adding the IOCS costs of all the volume variable mail processing activities in each cost pool and treating them as 100 percent volume variable; 2) adding the IOCS costs of activity codes 6210, 6230, 6240, 6525, and treating them as non-volume variable, or as having a zero percent variability, and 3) calculating the variability of a mail processing cost pool as the ratio of volume variable costs to the sum of volume variable and non-volume variable costs. For the following questions please do not use volume variability data from USPS-LR-N2012-1/ 20, Mail Processing Labor Cost Savings.xlsx, Sheet "Calc Labor Cost Savings, because that worksheet relies upon average variabilities for all MODS plants, both those that will and will not be retained after network realignment.

a. Please provide the FY2010 volume variable costs, using the Commission methodology, for each of the operations listed on page 29 of witness Neri's Testimony, (USPS-T-4), by each of the finance numbers in USPS-LR-N2012-1/ 20 FY2010_MODS_HOURS_SAS.xlsx, Sheet: "data."

b. Please use the same method to provide the FY2010 combined costs for IOCS codes 6210, 6230, 6430, and 6525 for each of the operations listed on page 29 of witness Neri's Testimony, (USPS-T-4), by each of the finance numbers USPS-LR-N2012-1/ 20 FY2010_MODS_HOURS_SAS.xlsx, Sheet: "data."

PR/USPS-T-10-8

Please refer to USPS-LR-N2012-1/ 20, MP_Labor_Savings, Mail Processing Labor Cost Savings.xls, Sheet: "Calc Labor Cost Savings."

a. Please confirm that Realigned Network Cost After Productivity Gain (column "L"), is partly based on savings that result from applying the productivity factor to the institutional costs (in Column "I") of the sites that remain active.

b. Please explain the rationale for applying an identical productivity improvement to both volume variable and non-volume variable costs.

PR/USPS-T-10-9

These questions pertain to the correct expression for cost savings due to the combination of productivity improvements and shifting volumes from inactive plants to plants that remain active presented in pages 7-9 of your testimony.

a. Please refer to your term for the cost pool's FY2010 accrued mail processing costs for active and inactive sites on pages 8-9. Would you agree that $\beta = \frac{\partial T}{\partial V}$, or marginal costs, and not volume variability?

b. If you agree, please explain whether and how this different value for β would affect your calculations of Mail Processing Labor Cost Savings in Library Reference USPS-LR-N2012-1/ 20, MP_Labor_Savings, Worksheet: "Calc Labor Cost Savings.

c. If you agree, please provide a revised version of this worksheet using the impact of marginal cost rather than variability.